

INITIATIVE 217

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 217 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to property; amending RCW 84.52.065, 84.48.080, and
2 84.52.010; adding a new section to chapter 43.79 RCW; adding a new
3 chapter to Title 8 RCW; creating a new section; and declaring an
4 emergency.

5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The people find that property taxes have
7 become increasingly burdensome and that a reduction in the state
8 property tax will relieve the burden on the taxpayers. The people also
9 find that there should be fairness in property regulations, and that
10 the burden of providing for open space and wildlife habitat should be
11 shared equally, in the same manner that the burden is shared by the
12 public to provide for highways, schools, and other public facilities.
13 The people intend this measure to provide that fairness in
14 providing public benefits. In addition, it is the intent of the people
15 to provide for property tax relief from the state, without allowing
16 other governments to replace the state property tax with additional
17 local property taxes that are not approved by local voters.

1 Finally, the people intend to protect education funding from any
2 reductions or threats of reduction that may be proposed or suggested in
3 response to this measure.

4 **Sec. 2.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended to
5 read as follows:

6 Subject to the limitations in RCW 84.55.010, in each year the state
7 shall levy for collection in the following year for the support of
8 common schools of the state (~~((a tax of three dollars and sixty cents))~~),
9 for taxes levied for collection in 2000 and 2001, a tax of one dollar
10 and eighty cents per thousand dollars of assessed value and, for taxes
11 levied for collection in 2002 and thereafter, zero dollars per thousand
12 dollars of assessed value upon the assessed valuation of all taxable
13 property within the state adjusted to the state equalized value in
14 accordance with the indicated ratio fixed by the state department of
15 revenue.

16 As used in this section, "the support of common schools" includes
17 the payment of the principal and interest on bonds issued for capital
18 construction projects for the common schools.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.79 RCW
20 to read as follows:

21 There is established in the state's general fund a dedicated public
22 education account to be used exclusively for K-12 expenditures,
23 inclusive of all amounts spent on education for operational purposes.

24 Support for the public schools for the 1999-2000 fiscal year shall
25 be equal to the amount appropriated for the 1998-99 school year,
26 calculated on a per full-time equivalent student basis, plus
27 adjustments to reflect any increase in enrollment. Such amount shall
28 be adjusted annually to reflect any increase in inflation.

29 However, the legislature is not prohibited from appropriating
30 additional funds for the support of public education from the
31 unrestricted state general fund.

32 In order to meet the obligations of the state under the basic
33 education act, chapter 28A.150 RCW, an amount sufficient to meet the
34 requirements of this section shall be transferred annually from within
35 the state general fund to the dedicated public education account.

1 **Sec. 4.** RCW 84.48.080 and 1997 c 3 s 112 (Referendum Bill No. 47)
2 are each amended to read as follows:

3 (1) Annually during the months of September and October, the
4 department of revenue shall examine and compare the returns of the
5 assessment of the property in the several counties of the state, and
6 the assessment of the property of railroad and other companies assessed
7 by the department, and proceed to equalize the same, so that each
8 county in the state shall pay its due and just proportion of the taxes
9 for state purposes for such assessment year, according to the ratio the
10 assessed valuation of the property in each county bears to the correct
11 total assessed valuation of all property in the state.

12 First. The department shall classify all property, real and
13 personal, and shall raise and lower the assessed valuation of any class
14 of property in any county to a value that shall be equal, so far as
15 possible, to the correct assessed value of such class as of January 1st
16 of the current year, after determining the correct appraised value, and
17 any adjustment applicable under RCW 84.40.0305 for the property, for
18 the purpose of ascertaining the just amount of tax due from each county
19 for state purposes. In equalizing personal property as of January 1st
20 of the current year, the department shall use the assessment level of
21 the preceding year. Such classification may be on the basis of types
22 of property, geographical areas, or both. For purposes of this
23 section, for each county that has not provided the department with an
24 assessment return by December 1st, the department shall proceed, using
25 facts and information and in a manner it deems appropriate, to estimate
26 the value of each class of property in the county.

27 Second. The department shall keep a full record of its proceedings
28 and the same shall be published annually by the department.

29 (2) The department shall levy the state taxes authorized by law.
30 The amount levied in any one year for general state purposes shall not
31 exceed the lawful dollar rate on the dollar of the assessed value of
32 the property of the entire state as equalized under this section. The
33 department shall apportion the amount of tax for state purposes levied
34 by the department, among the several counties, in proportion to the
35 assessed valuation of the taxable property of the county for the year
36 as equalized by the department: PROVIDED, That for purposes of this
37 apportionment, the department shall recompute the previous year's levy
38 and the apportionment thereof to correct for changes and errors in
39 taxable values reported to the department after October 1 of the

1 preceding year and shall adjust the apportioned amount of the current
2 year's state levy for each county by the difference between the
3 apportioned amounts established by the original and revised levy
4 computations for the previous year. For purposes of this section,
5 changes in taxable values mean a final adjustment made by a county
6 board of equalization, the state board of tax appeals, or a court of
7 competent jurisdiction and shall include additions of omitted property,
8 other additions or deletions from the assessment or tax rolls, any
9 assessment return provided by a county to the department subsequent to
10 December 1st, or a change in the indicated ratio of a county. Errors
11 in taxable values mean errors corrected by a final reviewing body.

12 In addition to computing a levy under this subsection that is
13 reduced under RCW 84.55.012 or section 2, chapter ---, Laws of 1999
14 (section 2 of this act), the department shall compute a hypothetical
15 levy without regard to the reduction under RCW 84.55.012 or section 2,
16 chapter ---, Laws of 1999 (section 2 of this act). This hypothetical
17 levy shall also be apportioned among the several counties in proportion
18 to the valuation of the taxable property of the county for the year, as
19 equalized by the department, in the same manner as the actual levy and
20 shall be used by the county assessors for the purpose of recomputing
21 and establishing a consolidated levy under RCW 84.52.010.

22 (3) The department shall have authority to adopt rules and
23 regulations to enforce obedience to its orders in all matters in
24 relation to the returns of county assessments, the equalization of
25 values, and the apportionment of the state levy by the department.

26 (4) After the completion of the duties prescribed in this section,
27 the director of the department shall certify the record of the
28 proceedings of the department under this section, the tax levies made
29 for state purposes and the apportionment thereof among the counties,
30 and the certification shall be available for public inspection.

31 **Sec. 5.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended
32 to read as follows:

33 Except as is permitted under RCW 84.55.050, all taxes shall be
34 levied or voted in specific amounts.

35 The rate percent of all taxes for state and county purposes, and
36 purposes of taxing districts coextensive with the county, shall be
37 determined, calculated and fixed by the county assessors of the
38 respective counties, within the limitations provided by law, upon the

1 assessed valuation of the property of the county, as shown by the
2 completed tax rolls of the county, and the rate percent of all taxes
3 levied for purposes of taxing districts within any county shall be
4 determined, calculated and fixed by the county assessors of the
5 respective counties, within the limitations provided by law, upon the
6 assessed valuation of the property of the taxing districts
7 respectively.

8 When a county assessor finds that the aggregate rate of tax levy on
9 any property, that is subject to the limitations set forth in RCW
10 84.52.043 or 84.52.050, exceeds the limitations provided in either of
11 these sections, the assessor shall recompute and establish a
12 consolidated levy in the following manner:

13 (1) The full certified rates of tax levy for state, county, county
14 road district, and city or town purposes shall be extended on the tax
15 rolls in amounts not exceeding the limitations established by law;
16 however any state levy shall take precedence over all other levies and
17 shall not be reduced for any purpose other than that required by RCW
18 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
19 84.34.230, the portion of the levy by a metropolitan park district that
20 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
21 regular property tax levies that are subject to the one percent
22 limitation exceeds one percent of the true and fair value of any
23 property, then these levies shall be reduced as follows: (a) The
24 portion of the levy by a metropolitan park district that is protected
25 under RCW 84.52.120 shall be reduced until the combined rate no longer
26 exceeds one percent of the true and fair value of any property or shall
27 be eliminated; (b) if the combined rate of regular property tax levies
28 that are subject to the one percent limitation still exceeds one
29 percent of the true and fair value of any property, then the levies
30 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
31 imposed under RCW 84.52.069 that is in excess of thirty cents per
32 thousand dollars of assessed value, shall be reduced on a pro rata
33 basis until the combined rate no longer exceeds one percent of the true
34 and fair value of any property or shall be eliminated; and (c) if the
35 combined rate of regular property tax levies that are subject to the
36 one percent limitation still exceeds one percent of the true and fair
37 value of any property, then the thirty cents per thousand dollars of
38 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced

1 until the combined rate no longer exceeds one percent of the true and
2 fair value of any property or eliminated.

3 (2) The certified rates of tax levy subject to these limitations by
4 all junior taxing districts imposing taxes on such property shall be
5 reduced or eliminated as follows to bring the consolidated levy of
6 taxes on such property within the provisions of these limitations:

7 (a) First, the certified property tax levy rates of those junior
8 taxing districts authorized under RCW 36.68.525, 36.69.145, and
9 67.38.130 shall be reduced on a pro rata basis or eliminated;

10 (b) Second, if the consolidated tax levy rate still exceeds these
11 limitations, the certified property tax levy rates of flood control
12 zone districts shall be reduced on a pro rata basis or eliminated;

13 (c) Third, if the consolidated tax levy rate still exceeds these
14 limitations, the certified property tax levy rates of all other junior
15 taxing districts, other than fire protection districts, library
16 districts, the first fifty cent per thousand dollars of assessed
17 valuation levies for metropolitan park districts, and the first fifty
18 cent per thousand dollars of assessed valuation levies for public
19 hospital districts, shall be reduced on a pro rata basis or eliminated;

20 (d) Fourth, if the consolidated tax levy rate still exceeds these
21 limitations, the certified property tax levy rates authorized to fire
22 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced
23 on a pro rata basis or eliminated; and

24 (e) Fifth, if the consolidated tax levy rate still exceeds these
25 limitations, the certified property tax levy rates authorized for fire
26 protection districts under RCW 52.16.130, library districts,
27 metropolitan park districts under their first fifty cent per thousand
28 dollars of assessed valuation levy, and public hospital districts under
29 their first fifty cent per thousand dollars of assessed valuation levy,
30 shall be reduced on a pro rata basis or eliminated.

31 In determining whether the aggregate rate of tax levy on any
32 property, that is subject to the limitations set forth in RCW
33 84.52.050, exceeds the limitations provided in that section, the
34 assessor shall use the hypothetical state levy, as apportioned to the
35 county under RCW 84.48.080, that was computed under RCW 84.48.080
36 without regard to the reduction under RCW 84.55.012 or section 2,
37 chapter ---, Laws of 1999 (section 2 of this act).

1 NEW SECTION. Sec. 6. (1) The definitions in this subsection apply
2 throughout this chapter unless the context clearly requires otherwise.

3 (a) "Open space" means any land area, the preservation of which in
4 its natural state or present use would: (i) Conserve and enhance
5 natural or scenic resources, including habitat for plant, fish, or
6 animal wildlife; (ii) promote conservation of wetlands; (iii) enhance
7 the value to the public of abutting or neighboring parks, forests,
8 wildlife preserves, nature reservations or sanctuaries, or other open
9 space; or (iv) provide tracts of land situated in an urban area and
10 open to public use.

11 (b) "Real property" means real property as defined in RCW
12 84.04.090.

13 (c) "Reservation of property" means to require a property owner to:

14 (i) Leave property in a natural state;

15 (ii) Remove property from use that was allowable prior to the
16 reservation of property; or

17 (iii) Limit the use of property so as to provide open space or
18 wildlife habitat.

19 (2) The definitions in RCW 8.26.020 apply to this chapter.

20 NEW SECTION. Sec. 7. The people find that reservation of property
21 for plant or wildlife habitat and open space is for the benefit of the
22 public. Therefore, the public should bear the primary burden of
23 providing such property reservations.

24 The state or a local government agency may not exercise the power
25 of eminent domain for the purpose of requiring the reservation of open
26 space. If requiring the reservation of any part of a person's real
27 property for open space, the state or local government agency shall
28 negotiate and purchase such properties, as required in RCW 8.26.180
29 (1), (2), and (3).

30 Every reasonable effort must be made to acquire expeditiously real
31 property by negotiation in a manner that is most cost-effective to the
32 acquiring agency. The negotiation may include an offer of one or more
33 of the following elements: Trading surplus property owned by the state
34 or local government; modifying the density or intensity of use of other
35 property owned by the property owner; adjusting land development or
36 permit standards, such as clustering or variance; purchase of
37 development rights; purchase of conservation easements; and other
38 compensation measures not otherwise restricted by law.

1 NEW SECTION. **Sec. 8.** If the state or a local public agency
2 requires a person to leave any part of real property in its natural
3 state or to enhance the person's property to provide open space, the
4 property value for property tax purposes for the property shall be
5 based on a current use assessment of the property as provided in
6 chapter 84.34 RCW, if so requested by the property owner.

7 NEW SECTION. **Sec. 9.** Donation of property is not prohibited under
8 this chapter. A person whose real property is being acquired in
9 accordance with this chapter may, after the person has been fully
10 informed of his or her right to receive just compensation for the
11 property, donate the property, any part of or interest in the property,
12 or any compensation paid for the property to any agency as the person
13 determines.

14 NEW SECTION. **Sec. 10.** Sections 6 through 9 of this act constitute
15 a new chapter in Title 8 RCW.

16 NEW SECTION. **Sec. 11.** If any provision of this act or its
17 application to any person or circumstance is held invalid, the
18 remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 12.** This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of the
22 state government and its existing public institutions, and takes effect
23 immediately.

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